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CSS BACKGROUND INFORMATION
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CSS TOBACCO PROGRAMS

Commodity Stabilization Service programs in effect for the 1960 crop of most major types of tobacco include marketing quotas and acreage allotments, and price support. Tobacco farmers may also cooperate in the Department of Agriculture's Agricultural Conservation Program and those who entered into contracts under 1956-60 programs may take part in the Conservation Reserve of the Soil Bank (a CSS program). Both these programs, as well as allotments and quotas, are operated in the field through State and County Agricultural Stabilization and Conservation farmer-committees.

Marketing Quotas, Acreage Allotments

Marketing quotas are first proclaimed by the Secretary of Agriculture for a particular kind of tobacco when supplies exceed 5 percent above normal; after that, quotas are announced each year without regard to the supply level. (An exception to this rule is that if growers have disapproved quotas for 3 years in succession, quotas may not be proclaimed again within the succeeding 3-year period unless growers so petition the Secretary.) The quotas must be approved by at least two-thirds of the growers voting in a referendum, however, before they may become effective.

The national marketing quota is divided among the States producing that kind of tobacco and converted into State acreage allotments (the number of acres needed to produce the State's quota), which are then divided among tobacco farms in the States.

The marketing quota program operates through acreage allotments. By complying with his farm acreage allotment, a farmer may market all his tobacco free of penalty, and his crop is also eligible for price support. If he exceeds his acreage allotment, his crop is subject to a marketing quota penalty of 75 percent of the average market price of the previous year and it is not eligible for price support.

For 1960, quotas and allotments are in effect for burley, flue-cured, Maryland, Virginia sun-cured, fire-cured, dark air-cured, cigar binder, and cigar-filler and binder tobaccos. Tobacco acreages allotted for 1960 are as follows: Burley, 309,490 acres; flue-cured, 713,397 acres; Maryland, 48,773 acres; Virginia sun-cured, 4,194 acres; fire-cured (type 21), 9,112 acres; fire-cured (types 22 and 23), 32,699 acres; dark air-cured, 15,779 acres; cigar binder, 11,834 acres; cigar-filler and binder, 25,172 acres.

#### Price Support

Legislation directs that price support on 1960 tobacco crops eligible for price support be available at the 1959 levels. For the 1961 and subsequent tobacco crops for which quotas have not been disapproved, the legislation directs that the support level be determined by adjusting the 1959 support level upward or downward in proportion to changes in the parity index (prices paid by farmers, including interest, taxes, and wage rates), using the previous 3-year moving average. (Thus, the "changes in the parity index" will be determined according to the ratio of the average prices that farmers pay during the previous 3 years to the average of prices paid in 1959. The 1959 support level multiplied by this ratio will give the support level for the 1961 or any subsequent crop.)

Support is made available to growers of eligible tobacco through loans obtained through growers' associations on the basis of official standard grades at a specified rate for each grade.

For the 1960 crops, the average loan rates per pound are as follows: Flue-cured, 55.5 cents; burley, 57.2 cents; Maryland, 50.8 cents; fire-cured (all types), 38.8 cents; dark air-cured and Virginia sun-cured, 34.5 cents; cigar binder, 39.6 cents; cigar-filler and binder -- Ohio filler, 23.4 cents; New York and Pennsylvania Havana Seed, 26.5 cents; Southern Wisconsin, 26.5 cents; Northern Wisconsin, 32 cents; Puerto Rican, 29.7 cents.

#### Soil Bank

Farmers (including tobacco growers) who had voluntarily entered into contracts with CSS under 1956-60 programs took part in the Conservation Reserve of the Soil Bank by "reserving" -- or withdrawing -- a stated acreage of their general cropland (including tobacco cropland) from production for a period of 3, 5, or 10 years, and by devoting it to an approved conservation practice. For this, the farmer received conservation assistance during the first year of the contract -- which could have amounted to as much as 80 percent of the practice cost, and annual payments during the life of the contract compensate for the loss of income the acreage would otherwise produce.

The Conservation Reserve has been in effect since 1956. Through 1960, about 28.7 million acres of cropland had been included in the Conservation Reserve. About 71 percent of this total program acreage is on farms on which all eligible cropland is in the program.

The basic announced national average per-acre rate of the 1960 annual payment was \$13.50, and the acreage placed in the program was about 6.3 million additional acres. Authority to put new land in the program ended with the 1960 program.

#### Agricultural Conservation Program

Farmers may take part in the Agricultural Conservation Program by voluntarily carrying out a particular approved soil- or water-conservation practice on their land, for which the Government provides a share of the cost. ACP assistance may be in the form of financial aid, or materials or services; it is made available for conservation over and above what farmers would carry out with their own resources and on their own initiative.

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